

## Message Text

CONFIDENTIAL

PAGE 01 CAIRO 14546 011152Z  
ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 /026 W  
-----017333 011202Z /40  
R 011125Z SEP 77  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 8947

C O N F I D E N T I A L CAIRO 14546

STADIS////////////////////////////////////

EYES ONLY FOR ASSISTANT SECRETARY ATHERTON (NEA)  
FROM AMBASSADOR

E.O. 11652: GDS  
TAGS: EAID EG  
SUBJECT: PROPOSED FY 1979 AID PROGRAM LEVELS FOR EGYPT

1. UNDERSTAND THAT AID ADMINISTRATOR, ACTING ON ADVICE OF AID/W STAFF, IS CONSIDERING OR HAS PERHAPS ALREADY SENT MEMORANDUM TO UNDERSEC BENSON SUGGESTING ONE-THIRD REDUCTION IN FY 79 SSA LEVEL FOR EGYPT. IF MY INFORMATION IS CORRECT, MEMORADNUM INDICATES THAT IN TERMS OF WHAT AID/W CONSIDERS TO BE EGYPT'S ECONOMIC REQUIREMENTS, MINIMUM LEVEL TO BE REQUESTED FOR EGYPT IN FY 79 IS \$250 MILLION AND PROPOSED LEVEL IS \$500 MILLION. (THIS CONTRASTS WITH \$750 MILLION SSA FOR FY 78.)

2. I AM CONCERNED ABOUT PROPOSED SHARP REDUCTION IN EGYPT SSA PROGRAM LEVEL FOR FY 79, WHICH WOULD HAVE STRONGLY ADVERSE POLITICAL CONSEQUENCES HERE. WHILE AID/W RECOMMENDATION MIGHT CONCEIVABLY BE UNDERSTANDABLE FROM NARROW ECONOMIC FRAMEWORK IN WHICH IT WAS PUT FORWARD, I WOULD CERTAINLY HOPE THAT AT UNDERSEC LEVEL AND AT YOUR LEVEL BROADER POLITICAL CONSIDERATIONS WILL BE FULLY TAKEN INTO ACCOUNT AND WILL PREVAIL OVER THIS AID/W RECOMMENDATION.

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3. AS I HAVE PREVIOUSLY REPORTED, SADAT'S POSITION HAS ERODED IN PAST YEAR OR SO BECAUSE OF LACK OF REAL MOVEMENT ON ME PEACE FRONT AND UNRESOLVED EGYPTIAN ECONOMIC PROBLEMS. ANY SUCH SHARP DROP IN U.S. AID TO EGYPT IN FY 79 WILL INEVITABLY BE VIEWED AS BEGINNING OF USG DISENGAGEMENT IN EGYPT AND WILL FURTHER WAEKEN SADAT'S DOMESTIC AND AREA POSITON. IT WILL MAKE IT MORE DIFFI-

CULT FOR SADAT TO PLAY AN ACITVE AND CONSTRUCTIVE ROLE WITH USG IN ME PEACE PROCESS. MOREOVER, THE PROPOSED CUT STRIKES ME AS RUNNING COUNTER TO WHAT THE PRESIDENT, THE SECRETARY AND THE AID ADMINISTRATOR HIMSELF HAVE TOL SADAT--NAMELY, THAT SUBJECT TO CONGRESSIONAL APPROPRIATIONS, WE WILL SEEK TO MAINTAIN THE SAME HIGH LEVELS OF AID FOR EGYPT IN THESE NEXT CRITICAL YEARS. FINALLY, SUCH A SHARP CUT ON OUR PART WILL BE AN INVITATION TO THE SAUDIS AND OTHER WEALTHY ARAB STATES TO REDUCE THEIR CONTRIBUTIONS TO EGYPT, WHICH AS YOU KNOW THEY WOULD DEARLY LOVE TO DO.

4. IF NOT ALREADY DONE, I STRONGLY HOPE THAT STEPS WILL BE TAKEN TO ENSURE THAT THERE IS AN ADEQUATE POLITICAL INPUT INTO HIGH-LEVEL DEPT CONSIDERATION OF FY 79 SSA LEVEL FOR EGYPT AND THAT FY 79 AID LEVELS FOR EGYPT BE KEPT ROUGHTLY SIMILAR TO WHAT THEY ARE NOW.  
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## Message Attributes

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**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
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**Review Markings:**  
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